



**PHELPS COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2002**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2003-98  
September 29, 2003  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2003

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Phelps, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Phelps County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission has not annually set the E911 tax rate as required by state law. The maximum authorized rate has been levied since the E911 tax was established by the county voters. The balance of the E911 Fund has increased from \$369,246 at January 1, 2000, to \$1,043,752 at December 31, 2002. The County Commission should annually review the E911 tax rate and set it to provide sufficient operating funds but not create an excessive fund balance. If the county plans to accumulate a balance for future capital improvements, specific plans should be documented in the county budgets. The County Commission provided various explanations and indicated that in future budget messages reasons for the balance will be clearly defined.
- The county makes numerous interfund transfers, many of which do not appear necessary. Many of the transfers represent reimbursement of expenses incurred in one fund that could have been incurred in another fund. It appears the county could incur many of these expenses directly from the appropriate fund, which would reduce the amount of required interfund transfers. In addition, the county maintains separate funds from which interfund loans are made for cash flow purposes, and it appears the county could combine certain funds to eliminate the need for interfund loans. The County Commission indicated progress has been made in these areas but believes some transfers are necessary and the separate funds have been effective management tools.

(over)

YELLOW SHEET

- Mid-term salary increases totaling approximately \$12,000, given to each of the two associate county commissioners in 1999 and 2000, were ruled unconstitutional by the Missouri Supreme Court. While the Prosecuting Attorney advised the County Commission to seek repayment of these increases the county has not sought repayment. In addition, contrary to the advice of the Prosecuting Attorney, the county Salary Commission met in 2002 and authorized a salary increase of \$8,599 annually for the County Treasurer beginning in 2003. Because state law appears to authorize salary commissions to only meet in odd-numbered years, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.
- Concerns noted in our prior audit related to the procedures and controls over seized property were not addressed timely. As a result, problems with the Sheriff's seized property and evidence room resulted in internal and external investigations and the demoting of the property custodian. In 2002, at the direction of the circuit court, an investigation was made into the status of about 730 cases involving seized weapons and drugs, and for most of these cases, the Sheriff's department could not locate the property or documentation of the property's disposal. The Sheriff conducted an internal investigation in March 2003 which concluded that the property custodian had failed to obtain the proper authorization from the Prosecuting Attorney prior to disposing of the property. The Sheriff adopted new policies and procedures in March 2003, and investigations regarding this matter continue. In addition, the Sheriff maintains a bank account for seized monies which totaled \$86,000 at December 31, 2002, but has not prepared listings of open items to reconcile the balance of this account to the related liabilities.

Also included in the audit are recommendations to improve controls over the Prosecuting Attorney's receipts and the County Collector's commissions and liabilities.

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PHELPS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Phelps County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 7, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Phelps County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill  
State Auditor

August 7, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
Audit Manager: Mark Ruether, CPA  
In-Charge Auditor: John Lieser, CPA  
Audit Staff: Turan Hirji, CPA  
Christy Marsh  
Terese Summers, CPA



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Phelps County, Missouri

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Phelps County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Phelps County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Phelps County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

August 7, 2003 (fieldwork completion date)

## Financial Statements

Exhibit A-1

PHELPS COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 669,593	4,170,113	4,232,501	607,205
Special Road and Bridge	837	2,354,003	2,354,197	643
Assessment	161,594	347,929	349,897	159,626
Law Enforcement Training	1,107	10,153	11,134	126
Prosecuting Attorney Training	639	1,844	2,249	234
Senior Companions	2,494	342,249	344,743	0
Law Enforcement Sales Tax	3,748,915	2,376,999	825,046	5,300,868
Shelter	1,570	5,047	3,556	3,061
Developmentally Disabled Board	123,391	291,186	290,112	124,465
Unemployment	14,066	27,142	10,716	30,492
Road and Bridge Debt Service	58,026	105,324	0	163,350
Prosecuting Attorney Bad Check	8,432	46,971	35,561	19,842
Prosecuting Attorney Delinquent Tax	508	204	100	612
Recorder User Fees	13,832	30,684	29,506	15,010
Sheriff Drug Enforcement	9,042	128,849	78,504	59,387
25th Juvenile FPS	1,018	120	120	1,018
Public Facilities Authority	1,039,031	53,088	76,724	1,015,395
Use Tax	259,898	85,462	221,715	123,645
E911	751,758	563,259	271,265	1,043,752
Jay White Estate	398,917	24,892	21,759	402,050
Health Department	101,773	1,033,415	1,005,873	129,315
Crisis Intervention	1,221	3,414	3,080	1,555
Sheriff Civil Fees	5,722	46,316	52,005	33
Community Care Clinic	31,158	180,546	173,037	38,667
Election Services	11,463	10,453	3,604	18,312
Prosecuting Attorney Drug Enforcement	3,287	767	0	4,054
Collector Tax Maintenance	0	579	0	579
Circuit Interest	14,686	4,332	2,038	16,980
Law Library	37,541	12,686	5,381	44,846
Job Access Grant	0	121,920	121,920	0
Total	\$ 7,471,519	12,379,946	10,526,343	9,325,122

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PHELPS COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 402,554	3,989,351	3,722,312	669,593
Special Road and Bridge	746	2,656,392	2,656,301	837
Assessment	148,208	337,272	323,886	161,594
Law Enforcement Training	655	9,180	8,728	1,107
Prosecuting Attorney Training	212	1,911	1,484	639
Senior Companions	3,079	330,464	331,049	2,494
Law Enforcement Sales Tax	1,709,102	2,761,420	721,607	3,748,915
Shelter	2,607	4,337	5,374	1,570
Developmentally Disabled Board	95,911	275,520	248,040	123,391
Unemployment	2,674	21,704	10,312	14,066
Road and Bridge Debt Service	168,831	164,195	275,000	58,026
Prosecuting Attorney Bad Check	2,572	36,927	31,067	8,432
Prosecuting Attorney Delinquent Tax	591	1,548	1,631	508
Recorder User Fees	16,529	24,924	27,621	13,832
Sheriff Drug Enforcement	7,993	91,259	90,210	9,042
25th Juvenile FPS	331	784	97	1,018
Public Facilities Authority	1,045,189	65,803	71,961	1,039,031
Use Tax	317,093	42,282	99,477	259,898
E911	524,909	480,941	254,092	751,758
Jay White Estate	394,387	25,972	21,442	398,917
Health Department	23,371	1,013,156	934,754	101,773
Crisis Intervention	1,195	10,332	10,306	1,221
Sheriff Civil Fees	252	39,743	34,273	5,722
Community Care Clinic	23,676	210,725	203,243	31,158
Election Services	4,253	7,313	103	11,463
Prosecuting Attorney Drug Enforcement	3,050	237	0	3,287
Family Court	3,312	850	4,162	0
Circuit Interest	11,962	4,639	1,915	14,686
Law Library	30,709	11,605	4,773	37,541
Job Access Grant	0	100,378	100,378	0
Total	\$ 4,945,953	12,721,164	10,195,598	7,471,519

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 13,004,867	12,379,946	(624,921)	13,503,416	12,721,164	(782,252)
DISBURSEMENTS	13,891,808	10,526,343	3,365,465	11,338,628	10,195,598	1,143,030
RECEIPTS OVER (UNDER) DISBURSEMENTS	(886,941)	1,853,603	2,740,544	2,164,788	2,525,566	360,778
CASH, JANUARY 1	7,471,519	7,471,519	0	4,946,367	4,945,953	(414)
CASH, DECEMBER 31	6,584,578	9,325,122	2,740,544	7,111,155	7,471,519	360,364
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	547,230	547,028	(202)	577,666	496,197	(81,469)
Sales taxes	1,290,500	1,290,484	(16)	1,375,736	1,413,357	37,621
Intergovernmental	1,056,254	826,272	(229,982)	1,016,422	801,147	(215,275)
Charges for service:	618,499	565,549	(52,950)	485,678	478,276	(7,402)
Interest	60,979	55,054	(5,925)	38,100	52,942	14,842
Other	534,173	507,436	(26,737)	514,675	434,689	(79,986)
Transfers in	356,801	378,290	21,489	298,121	312,743	14,622
Total Receipts	4,464,436	4,170,113	(294,323)	4,306,398	3,989,351	(317,047)
DISBURSEMENTS						
County Commissior	164,132	145,653	18,479	140,516	136,869	3,647
County Clerk	190,131	155,454	34,677	183,139	159,077	24,062
Elections	178,400	159,267	19,133	58,200	43,093	15,107
Buildings and grounds	353,993	311,579	42,414	304,630	275,673	28,957
Employee fringe benefit	382,936	371,027	11,909	333,542	334,070	(528)
County Treasurer	45,603	45,181	422	43,841	43,563	278
County Collector	137,355	137,094	261	126,180	123,535	2,645
Circuit Clerk and Ex Officio Recorder of Deed	150,192	142,356	7,836	143,600	143,196	404
Associate Circuit Court	24,575	23,486	1,089	21,975	21,568	407
Circuit Judges	121,857	42,218	79,639	125,544	81,660	43,884
Court administration	42,385	38,159	4,226	43,115	30,579	12,536
Public Administrator	52,965	52,960	5	54,520	52,831	1,689
Sheriff	811,135	810,115	1,020	665,033	627,856	37,177
Jail	564,790	564,623	167	448,775	437,322	11,453
Prosecuting Attorney	391,845	355,357	36,488	388,098	372,824	15,274
Juvenile Officer	626,330	500,216	126,114	536,607	477,550	59,057
County Coroner	30,945	28,012	2,933	29,053	28,875	178
County Surveyor	6,040	6,040	0	5,790	5,790	0
Civil defense	2,562	2,387	175	2,085	1,456	629
Senior companions	75,500	75,453	47	73,322	73,321	1
Other	108,205	90,113	18,092	84,208	80,881	3,327
Transfers out	174,676	175,751	(1,075)	180,536	170,723	9,813
Emergency Func	101,665	0	101,665	123,141	0	123,141
Total Disbursements	4,738,217	4,232,501	505,716	4,115,450	3,722,312	393,138
RECEIPTS OVER (UNDER) DISBURSEMENTS	(273,781)	(62,388)	211,393	190,948	267,039	76,091
CASH, JANUARY 1	669,593	669,593	0	402,554	402,554	0
CASH, DECEMBER 31	395,812	607,205	211,393	593,502	669,593	76,091

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	398,399	250,111	(148,288)	399,650	240,362	(159,288)
Sales taxes	947,355	947,355	0	724,625	724,625	0
Intergovernmental	926,783	852,361	(74,422)	908,027	759,729	(148,298)
Charges for services	75,000	43,100	(31,900)	85,869	63,395	(22,474)
Interest	8,500	7,127	(1,373)	8,500	7,922	(578)
Other	64,429	48,954	(15,475)	527,950	504,796	(23,154)
Interfund loans	205,000	204,995	(5)	80,600	80,563	(37)
Transfers in	0	0	0	275,000	275,000	0
<b>Total Receipts</b>	<b>2,625,466</b>	<b>2,354,003</b>	<b>(271,463)</b>	<b>3,010,221</b>	<b>2,656,392</b>	<b>(353,829)</b>
<b>DISBURSEMENTS</b>						
Salaries	495,840	478,493	17,347	480,000	464,502	15,498
Employee fringe benefit	149,392	140,220	9,172	136,970	138,893	(1,923)
Supplies	27,800	25,368	2,432	27,300	35,589	(8,289)
Insurance	31,500	36,008	(4,508)	35,100	25,473	9,627
Road and bridge materials	763,500	903,723	(140,223)	767,250	741,154	26,096
Equipment repairs	60,000	69,542	(9,542)	60,000	58,927	1,073
Equipment purchases	390,529	375,450	15,079	815,000	761,478	53,522
Construction, repair, and maintenance	169,500	2,589	166,911	171,000	72,953	98,047
Debt service	54,874	54,874	0	162,390	72,390	90,000
Other	106,300	92,552	13,748	122,800	100,078	22,722
Interfund loans	70,900	70,895	5	81,600	81,563	37
Transfers out	104,158	104,483	(325)	104,158	103,301	857
<b>Total Disbursements</b>	<b>2,424,293</b>	<b>2,354,197</b>	<b>70,096</b>	<b>2,963,568</b>	<b>2,656,301</b>	<b>307,267</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>201,173</b>	<b>(194)</b>	<b>(201,367)</b>	<b>46,653</b>	<b>91</b>	<b>(46,562)</b>
CASH, JANUARY 1	837	837	0	746	746	0
<b>CASH, DECEMBER 31</b>	<b>202,010</b>	<b>643</b>	<b>(201,367)</b>	<b>47,399</b>	<b>837</b>	<b>(46,562)</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	291,000	278,022	(12,978)	291,000	269,695	(21,305)
Interest	15,000	13,042	(1,958)	12,500	12,624	124
Other	5,000	3,865	(1,135)	3,000	4,203	1,203
Transfers in	53,000	53,000	0	50,750	50,750	0
<b>Total Receipts</b>	<b>364,000</b>	<b>347,929</b>	<b>(16,071)</b>	<b>357,250</b>	<b>337,272</b>	<b>(19,978)</b>
<b>DISBURSEMENTS</b>						
Assessor	382,069	348,496	33,573	374,467	322,702	51,765
Transfers out	1,603	1,401	202	2,210	1,184	1,026
<b>Total Disbursements</b>	<b>383,672</b>	<b>349,897</b>	<b>33,775</b>	<b>376,677</b>	<b>323,886</b>	<b>52,791</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(19,672)</b>	<b>(1,968)</b>	<b>17,704</b>	<b>(19,427)</b>	<b>13,386</b>	<b>32,813</b>
CASH, JANUARY 1	161,594	161,594	0	148,208	148,208	0
<b>CASH, DECEMBER 31</b>	<b>141,922</b>	<b>159,626</b>	<b>17,704</b>	<b>128,781</b>	<b>161,594</b>	<b>32,813</b>

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	4,200	3,135	(1,065)	5,000	4,136	(864)
Charges for service:	10,000	6,884	(3,116)	7,000	5,002	(1,998)
Other	0	134	134	0	42	42
Total Receipts	14,200	10,153	(4,047)	12,000	9,180	(2,820)
DISBURSEMENTS						
Sheriff	14,300	11,134	3,166	12,300	8,728	3,572
Total Disbursements	14,300	11,134	3,166	12,300	8,728	3,572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	(981)	(881)	(300)	452	752
CASH, JANUARY 1	1,107	1,107	0	655	655	0
CASH, DECEMBER 31	1,007	126	(881)	355	1,107	752
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for service:	2,000	1,844	(156)	2,500	1,911	(589)
Total Receipts	2,000	1,844	(156)	2,500	1,911	(589)
DISBURSEMENTS						
Prosecuting Attorney	2,255	2,249	6	2,000	1,484	516
Total Disbursements	2,255	2,249	6	2,000	1,484	516
RECEIPTS OVER (UNDER) DISBURSEMENTS	(255)	(405)	(150)	500	427	(73)
CASH, JANUARY 1	639	639	0	212	212	0
CASH, DECEMBER 31	384	234	(150)	712	639	(73)
<b><u>SENIOR COMPANIONS FUND</u></b>						
RECEIPTS						
Intergovernmental	342,500	342,136	(364)	327,970	327,970	0
Interest	2,500	113	(2,387)	2,802	2,494	(308)
Total Receipts	345,000	342,249	(2,751)	330,772	330,464	(308)
DISBURSEMENTS						
Senior companion expenses and stipend	246,630	246,602	28	237,948	237,948	0
Other	16,250	16,283	(33)	13,412	7,211	6,201
Transfers out	82,015	81,858	157	79,692	85,890	(6,198)
Total Disbursements	344,895	344,743	152	331,052	331,049	3
RECEIPTS OVER (UNDER) DISBURSEMENTS	105	(2,494)	(2,599)	(280)	(585)	(305)
CASH, JANUARY 1	2,494	2,494	0	3,079	3,079	0
CASH, DECEMBER 31	2,599	0	(2,599)	2,799	2,494	(305)

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
RECEIPTS						
Sales taxes	2,190,000	2,189,251	(749)	2,138,700	2,138,661	(39)
Interest	187,800	187,748	(52)	145,000	168,676	23,676
Other	0	0	0	454,100	454,083	(17)
Total Receipts	2,377,800	2,376,999	(801)	2,737,800	2,761,420	23,620
DISBURSEMENTS						
Debt service	632,200	612,838	19,362	612,447	612,377	70
Capital improvements	2,472,500	87,547	2,384,953	35,015	35,012	3
Other	151,200	4,994	146,206	500	497	3
Transfers out	105,475	119,667	(14,192)	73,725	73,721	4
Total Disbursements	3,361,375	825,046	2,536,329	721,687	721,607	80
RECEIPTS OVER (UNDER) DISBURSEMENTS	(983,575)	1,551,953	2,535,528	2,016,113	2,039,813	23,700
CASH, JANUARY 1	3,748,915	3,748,915	0	1,709,102	1,709,102	0
CASH, DECEMBER 31	2,765,340	5,300,868	2,535,528	3,725,215	3,748,915	23,700
<b><u>SHELTER FUND</u></b>						
RECEIPTS						
Charges for services	4,000	4,960	960	4,000	4,205	205
Interest	100	87	(13)	150	132	(18)
Total Receipts	4,100	5,047	947	4,150	4,337	187
DISBURSEMENTS						
Shelter services	4,100	3,556	544	5,600	5,374	226
Total Disbursements	4,100	3,556	544	5,600	5,374	226
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,491	1,491	(1,450)	(1,037)	413
CASH, JANUARY 1	1,570	1,570	0	2,607	2,607	0
CASH, DECEMBER 31	1,570	3,061	1,491	1,157	1,570	413
<b><u>DEVELOPMENTALLY DISABLED BOARD FUND</u></b>						
RECEIPTS						
Property taxes	265,579	280,215	14,636	241,447	264,745	23,298
Intergovernmental	2,700	2,408	(292)	2,650	2,305	(345)
Interest	8,500	8,563	63	7,300	8,470	1,170
Total Receipts	276,779	291,186	14,407	251,397	275,520	24,123
DISBURSEMENTS						
Contracted services	283,687	283,687	0	241,851	245,351	(3,500)
Other	6,497	6,425	72	2,677	2,689	(12)
Total Disbursements	290,184	290,112	72	244,528	248,040	(3,512)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,405)	1,074	14,479	6,869	27,480	20,611
CASH, JANUARY 1	123,391	123,391	0	95,911	95,911	0
CASH, DECEMBER 31	109,986	124,465	14,479	102,780	123,391	20,611

Exhibit B

PHELPS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>UNEMPLOYMENT FUND</u></b>						
<b>RECEIPTS</b>						
Transfers in	25,209	27,142	1,933	25,000	21,704	(3,296)
Total Receipts	25,209	27,142	1,933	25,000	21,704	(3,296)
<b>DISBURSEMENTS</b>						
State unemployment benefit	10,000	716	9,284	10,000	312	9,688
Transfers out	10,000	10,000	0	10,000	10,000	0
Total Disbursements	20,000	10,716	9,284	20,000	10,312	9,688
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,209	16,426	11,217	5,000	11,392	6,392
CASH, JANUARY 1	14,066	14,066	0	2,674	2,674	0
CASH, DECEMBER 31	19,275	30,492	11,217	7,674	14,066	6,392
<b><u>ROAD AND BRIDGE DEBT SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	8,200	5,324	(2,876)	5,000	8,195	3,195
Interfund loans	0	0	0	56,000	56,000	0
Transfers in	100,000	100,000	0	100,000	100,000	0
Total Receipts	108,200	105,324	(2,876)	161,000	164,195	3,195
<b>DISBURSEMENTS</b>						
Transfers out	0	0	0	275,000	275,000	0
Total Disbursements	0	0	0	275,000	275,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	108,200	105,324	(2,876)	(114,000)	(110,805)	3,195
CASH, JANUARY 1	58,026	58,026	0	168,831	168,831	0
CASH, DECEMBER 31	166,226	163,350	(2,876)	54,831	58,026	3,195
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	44,000	43,347	(653)	37,000	36,794	(206)
Interest	500	473	(27)	300	133	(167)
Other	3,200	3,151	(49)	0	0	0
Total Receipts	47,700	46,971	(729)	37,300	36,927	(373)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	21,645	21,561	84	18,500	17,067	1,433
Transfers out	14,000	14,000	0	14,000	14,000	0
Total Disbursements	35,645	35,561	84	32,500	31,067	1,433
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,055	11,410	(645)	4,800	5,860	1,060
CASH, JANUARY 1	8,432	8,432	0	2,572	2,572	0
CASH, DECEMBER 31	20,487	19,842	(645)	7,372	8,432	1,060

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,000	204	(1,796)	1,500	1,548	48
Total Receipts	2,000	204	(1,796)	1,500	1,548	48
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,000	100	1,900	1,650	1,631	19
Total Disbursements	2,000	100	1,900	1,650	1,631	19
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	104	104	(150)	(83)	67
CASH, JANUARY 1	508	508	0	591	591	0
CASH, DECEMBER 31	508	612	104	441	508	67
<b><u>RECORDER USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,000	949	(51)	3,329	1,427	(1,902)
Charges for service:	29,250	28,727	(523)	21,980	21,975	(5)
Interest	600	1,008	408	750	522	(228)
Other	0	0	0	1,000	1,000	0
Total Receipts	30,850	30,684	(166)	27,059	24,924	(2,135)
<b>DISBURSEMENTS</b>						
Equipment	4,915	4,891	24	11,090	11,070	20
Microfilming	2,400	2,347	53	11,216	11,213	3
Document contract and supplies:	14,900	14,842	58	0	0	0
Other	7,440	7,426	14	5,345	5,338	7
Total Disbursements	29,655	29,506	149	27,651	27,621	30
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,195	1,178	(17)	(592)	(2,697)	(2,105)
CASH, JANUARY 1	13,832	13,832	0	16,529	16,529	0
CASH, DECEMBER 31	15,027	15,010	(17)	15,937	13,832	(2,105)
<b><u>SHERIFF DRUG ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	129,000	127,171	(1,829)	92,350	87,777	(4,573)
Interest	2,000	1,678	(322)	1,680	1,675	(5)
Other	0	0	0	1,807	1,807	0
Total Receipts	131,000	128,849	(2,151)	95,837	91,259	(4,578)
<b>DISBURSEMENTS</b>						
Equipment and supplies:	28,200	28,164	36	72,100	53,727	18,373
Vehicles	35,800	35,614	186	0	18,360	(18,360)
Other	14,800	14,726	74	20,000	18,123	1,877
Total Disbursements	78,800	78,504	296	92,100	90,210	1,890
RECEIPTS OVER (UNDER) DISBURSEMENTS	52,200	50,345	(1,855)	3,737	1,049	(2,688)
CASH, JANUARY 1	9,042	9,042	0	7,993	7,993	0
CASH, DECEMBER 31	61,242	59,387	(1,855)	11,730	9,042	(2,688)

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>25TH JUVENILE FPS FUND</u></b>						
RECEIPTS						
Intergovernmental	3,000	120	(2,880)	3,000	784	(2,216)
Total Receipts	3,000	120	(2,880)	3,000	784	(2,216)
DISBURSEMENTS						
Alternative care expense:	3,000	120	2,880	3,000	97	2,903
Total Disbursements	3,000	120	2,880	3,000	97	2,903
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	687	687
CASH, JANUARY 1	1,018	1,018	0	331	331	0
CASH, DECEMBER 31	1,018	1,018	0	331	1,018	687
<b><u>PUBLIC FACILITIES AUTHORITY FUND</u></b>						
RECEIPTS						
Interest	84,000	53,088	(30,912)	66,000	65,803	(197)
Total Receipts	84,000	53,088	(30,912)	66,000	65,803	(197)
DISBURSEMENTS						
Equipment		0	0	6,044	6,044	0
Building repair and maintenance	11,000	10,921	79	1,867	1,866	1
Transfers out	65,803	65,803	0	64,066	64,051	15
Total Disbursements	76,803	76,724	79	71,977	71,961	16
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,197	(23,636)	(30,833)	(5,977)	(6,158)	(181)
CASH, JANUARY 1	1,039,031	1,039,031	0	1,045,189	1,045,189	0
CASH, DECEMBER 31	1,046,228	1,015,395	(30,833)	1,039,212	1,039,031	(181)
<b><u>USE TAX FUND</u></b>						
RECEIPTS						
Interest	16,000	14,567	(1,433)	16,000	16,719	719
Interfund loans	70,900	70,895	(5)	25,600	25,563	(37)
Total Receipts	86,900	85,462	(1,438)	41,600	42,282	682
DISBURSEMENTS						
Other	0	0	0	0	2,504	(2,504)
Interfund loans	205,000	204,995	5	80,600	80,563	37
Transfers out	16,720	16,720	0	23,661	16,410	7,251
Total Disbursements	221,720	221,715	5	104,261	99,477	4,784
RECEIPTS OVER (UNDER) DISBURSEMENTS	(134,820)	(136,253)	(1,433)	(62,661)	(57,195)	5,466
CASH, JANUARY 1	259,898	259,898	0	317,093	317,093	0
CASH, DECEMBER 31	125,078	123,645	(1,433)	254,432	259,898	5,466

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>E911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	526,000	525,515	(485)	445,300	445,265	(35)
Interest	37,800	37,744	(56)	35,700	35,676	(24)
<b>Total Receipts</b>	<b>563,800</b>	<b>563,259</b>	<b>(541)</b>	<b>481,000</b>	<b>480,941</b>	<b>(59)</b>
<b>DISBURSEMENTS</b>						
Communication services contract	255,887	252,168	3,719	248,288	237,037	11,251
Equipment	142,401	0	142,401	150,000	0	150,000
Other	6,700	5,372	1,328	6,500	3,621	2,879
Transfers out	13,823	13,725	98	13,541	13,434	107
<b>Total Disbursements</b>	<b>418,811</b>	<b>271,265</b>	<b>147,546</b>	<b>418,329</b>	<b>254,092</b>	<b>164,237</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>144,989</b>	<b>291,994</b>	<b>147,005</b>	<b>62,671</b>	<b>226,849</b>	<b>164,178</b>
<b>CASH, JANUARY 1</b>	<b>751,758</b>	<b>751,758</b>	<b>0</b>	<b>524,909</b>	<b>524,909</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>896,747</b>	<b>1,043,752</b>	<b>147,005</b>	<b>587,580</b>	<b>751,758</b>	<b>164,178</b>
<b><u>JAY WHITE ESTATE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	21,000	20,692	(308)	22,000	21,759	(241)
Other	4,200	4,200	0	4,300	4,213	(87)
<b>Total Receipts</b>	<b>25,200</b>	<b>24,892</b>	<b>(308)</b>	<b>26,300</b>	<b>25,972</b>	<b>(328)</b>
<b>DISBURSEMENTS</b>						
Transfers out	21,760	21,759	1	21,442	21,442	0
<b>Total Disbursements</b>	<b>21,760</b>	<b>21,759</b>	<b>1</b>	<b>21,442</b>	<b>21,442</b>	<b>0</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>3,440</b>	<b>3,133</b>	<b>(307)</b>	<b>4,858</b>	<b>4,530</b>	<b>(328)</b>
<b>CASH, JANUARY 1</b>	<b>398,917</b>	<b>398,917</b>	<b>0</b>	<b>394,387</b>	<b>394,387</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>402,357</b>	<b>402,050</b>	<b>(307)</b>	<b>399,245</b>	<b>398,917</b>	<b>(328)</b>
<b><u>HEALTH DEPARTMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	464,970	497,207	32,237	421,514	462,639	41,125
Charges for service:	139,000	133,969	(5,031)	128,280	140,681	12,401
Interest	2,000	7,244	5,244	1,000	3,720	2,720
Other	152,634	163,558	10,924	163,264	147,088	(16,176)
Transfers in	281,826	231,437	(50,389)	306,634	259,028	(47,606)
<b>Total Receipts</b>	<b>1,040,430</b>	<b>1,033,415</b>	<b>(7,015)</b>	<b>1,020,692</b>	<b>1,013,156</b>	<b>(7,536)</b>
<b>DISBURSEMENTS</b>						
Salaries	717,544	698,337	19,207	720,329	669,492	50,837
Employee fringe benefit	131,619	129,703	1,916	146,672	127,983	18,689
Operating expense:	55,880	39,171	16,709	99,950	38,802	61,148
Program expenses	115,530	112,294	3,236	30,600	90,853	(60,253)
Equipment	6,900	21,036	(14,136)	5,250	3,785	1,465
Transfers out	5,406	5,332	74	15,848	3,839	12,009
<b>Total Disbursements</b>	<b>1,032,879</b>	<b>1,005,873</b>	<b>27,006</b>	<b>1,018,649</b>	<b>934,754</b>	<b>83,895</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>7,551</b>	<b>27,542</b>	<b>19,991</b>	<b>2,043</b>	<b>78,402</b>	<b>76,359</b>
<b>CASH, JANUARY 1</b>	<b>101,773</b>	<b>101,773</b>	<b>0</b>	<b>23,371</b>	<b>23,371</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>109,324</b>	<b>129,315</b>	<b>19,991</b>	<b>25,414</b>	<b>101,773</b>	<b>76,359</b>

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRISIS INTERVENTION FUND</u></b>						
RECEIPTS						
Intergovernmental	18,000	3,414	(14,586)	18,000	10,332	(7,668)
Total Receipts	18,000	3,414	(14,586)	18,000	10,332	(7,668)
DISBURSEMENTS						
Crisis interventior	18,000	3,080	14,920	18,000	10,306	7,694
Total Disbursements	18,000	3,080	14,920	18,000	10,306	7,694
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	334	334	0	26	26
CASH, JANUARY 1	1,221	1,221	0	1,195	1,195	0
CASH, DECEMBER 31	1,221	1,555	334	1,195	1,221	26
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
RECEIPTS						
Charges for service:	46,000	45,951	(49)	40,000	39,495	(505)
Interest	300	365	65	500	248	(252)
Total Receipts	46,300	46,316	16	40,500	39,743	(757)
DISBURSEMENTS						
Equipment and supplies:	14,115	14,114	1	10,714	7,271	3,443
Vehicles	0	0	0	12,400	11,400	1,000
Other	0	3,133	(3,133)	0	1,807	(1,807)
Transfers out	37,900	34,758	3,142	17,093	13,795	3,298
Total Disbursements	52,015	52,005	10	40,207	34,273	5,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,715)	(5,689)	26	293	5,470	5,177
CASH, JANUARY 1	5,722	5,722	0	252	252	0
CASH, DECEMBER 31	7	33	26	545	5,722	5,177
<b><u>COMMUNITY CARE CLINIC FUND</u></b>						
RECEIPTS						
Intergovernmental	175,938	120,000	(55,938)	220,000	160,000	(60,000)
Interest	1,300	1,710	410	1,000	1,567	567
Other	51,750	58,836	7,086	50,500	49,158	(1,342)
Total Receipts	228,988	180,546	(48,442)	271,500	210,725	(60,775)
DISBURSEMENTS						
Physician	32,000	28,125	3,875	30,000	29,233	767
Other	34,370	20,300	14,070	26,250	21,575	4,675
Transfers out	175,000	124,612	50,388	200,000	152,435	47,565
Total Disbursements	241,370	173,037	68,333	256,250	203,243	53,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,382)	7,509	19,891	15,250	7,482	(7,768)
CASH, JANUARY 1	31,158	31,158	0	23,676	23,676	0
CASH, DECEMBER 31	18,776	38,667	19,891	38,926	31,158	(7,768)

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Intergovernmental	11,000	9,775	(1,225)	6,440	6,438	(2)
Interest	400	678	278	200	375	175
Other	0	0	0	500	500	0
Total Receipts	11,400	10,453	(947)	7,140	7,313	173
DISBURSEMENTS						
Equipment	3,000	2,992	8	1,000	0	1,000
Voter registration	700	612	88	1,050	103	947
Total Disbursements	3,700	3,604	96	2,050	103	1,947
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,700	6,849	(851)	5,090	7,210	2,120
CASH, JANUARY 1	11,463	11,463	0	4,253	4,253	0
CASH, DECEMBER 31	19,163	18,312	(851)	9,343	11,463	2,120
<b><u>PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	0	627	627	0	0	0
Interest	200	140	(60)	100	237	137
Total Receipts	200	767	567	100	237	137
DISBURSEMENTS						
Prosecuting Attorney	3,000	0	3,000	2,000	0	2,000
Total Disbursements	3,000	0	3,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,800)	767	3,567	(1,900)	237	2,137
CASH, JANUARY 1	3,287	3,287	0	3,050	3,050	0
CASH, DECEMBER 31	487	4,054	3,567	1,150	3,287	2,137
<b><u>COLLECTOR TAX MAINTENANCE FUND</u></b>						
RECEIPTS						
Charges for services	500	579	79			
Total Receipts	500	579	79			
DISBURSEMENTS						
County Collector	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	579	79			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	579	79			

Exhibit B

PHELPS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>FAMILY COURT FUND</u></b>						
RECEIPTS						
Charges for service:				0	850	850
Total Receipts				0	850	850
DISBURSEMENTS						
Office expense:				500	4,162	(3,662)
Total Disbursements				500	4,162	(3,662)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(500)	(3,312)	(2,812)
CASH, JANUARY 1				3,312	3,312	0
CASH, DECEMBER 31				2,812	0	(2,812)
<b><u>CIRCUIT INTEREST FUND</u></b>						
RECEIPTS						
Interest	4,600	4,332	(268)	6,000	4,639	(1,361)
Total Receipts	4,600	4,332	(268)	6,000	4,639	(1,361)
DISBURSEMENTS						
Circuit Clerk	2,000	2,038	(38)	2,100	1,915	185
Total Disbursements	2,000	2,038	(38)	2,100	1,915	185
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,600	2,294	(306)	3,900	2,724	(1,176)
CASH, JANUARY 1	14,686	14,686	0	12,376	11,962	(414)
CASH, DECEMBER 31	17,286	16,980	(306)	16,276	14,686	(1,590)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for service:	10,500	12,223	1,723	9,500	11,056	1,556
Interest	450	463	13	400	549	149
Total Receipts	10,950	12,686	1,736	9,900	11,605	1,705
DISBURSEMENTS						
Law library	5,500	5,381	119	6,600	4,773	1,827
Total Disbursements	5,500	5,381	119	6,600	4,773	1,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,450	7,305	1,855	3,300	6,832	3,532
CASH, JANUARY 1	37,541	37,541	0	30,709	30,709	0
CASH, DECEMBER 31	42,991	44,846	1,855	34,009	37,541	3,532
<b><u>JOB ACCESS GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	61,859	121,920	60,061	151,500	100,378	(51,122)
Total Receipts	61,859	121,920	60,061	151,500	100,378	(51,122)
DISBURSEMENTS						
Program expenses:	61,859	121,920	(60,061)	151,500	100,378	51,122
Total Disbursements	61,859	121,920	(60,061)	151,500	100,378	51,122
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

PHELPS COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Law Library Custodian, or the Board for the Developmentally Disabled. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Developmentally Disabled Board Fund	2001
Family Court Fund	2001
Circuit Interest Fund	2002
Job Access Grant Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Circuit Interest Fund, Law Library Fund, and Job Access Grant Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Supplementary Schedule

## Schedule

PHELPS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women Infants, and Children	ERS045-1181W ERS045-2181W ERS045-3181W	\$ 0 94,429 31,239	90,489 32,221 0
	Program Total		<u>125,668</u>	<u>122,710</u>
10.559	Summer Food Service Program for Children	ERS146-1181I ERS146-2181I	0 240	240 0
	Program Total		<u>240</u>	<u>240</u>
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	134,091	20,345
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	B99DC290001 B01DC290001	61,859 60,061	100,378 0
	Program Total		<u>121,920</u>	<u>100,378</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grant	N/A	15,021	0
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	99,086	84,750
Passed through:				
State Department of Public Safety				
16.523	Justice Accountability Incentive Block Grant	N/A	1,681	0
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	N/A	0	5,344
16.548	Title V - Delinquency Prevention Program	00-JJT5-05	63,394	39,523
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	0	1,815
16.575	Crime Victim Assistance	99-VAGX-0029 2001-VOCA-0028	0 12,445	12,771 0
	Program Total		<u>12,445</u>	<u>12,771</u>

Schedule

PHELPS COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2002	2001
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Missouri Sheriff's Meth-Amphetamine Relief Team				
16.580	Edward Bryne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Program	N/A	31,485	0
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-023	9,000	5,574
16.unknown	DWI Saturation Grant	02-164-AL-54	791	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	896	1,035
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructor	BRO-081 (6)	1,102	0
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Secto Training and Planning Grants	N/A	2,728	2,568
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Propert	N/A	282	487
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grant:	N/A	40,890	0

Schedule

PHELPS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program:				
93.912	Rural Health Outreach and Rural Network Development Program	N/A	120,000	160,000
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1181L	4,000	1,969
93.268	Immunization Grants	PGA0064-1181	0	855
		PGA0064-2181	9,110	0
		N/A	57,778	52,190
	Program Total		<u>66,888</u>	<u>53,045</u>
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	AOC03380037	43,425	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	45,396	40,408
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-1181S	0	8,132
		PGA067-2181S	6,470	0
		PGA067-1181C	0	2,500
		PGA067-2181C	3,000	0
	Program Total		<u>9,470</u>	<u>10,632</u>
Office of Administration				
93.590	Community-Based Family Resource and Support Grant	D00-015	19,283	23,295
Department of Social Services -				
93.658	Foster Care - Title IV-E	AOC5000134	11,342	10,799
		AOC5000132	19,408	17,899
		AOC8000141	14,801	18,818
	Program Total		<u>45,551</u>	<u>47,516</u>

Schedule

PHELPS COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS-161	9,092	11,405
93.945	Assistance Programs for Chronic Disease Prevention and Control	A0C03380129	6,250	0
93.991	Preventive Health and Health Services Block Grant	DH020044001	18,700	1,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-1181M ERS146-2181M ERS146-3181M A0C01380104 ERS175-2056F N/A	0 30,572 10,268 24,637 5,100 534	29,769 4,819 0 25,651 4,500 4,865
	Program Total		<u>71,111</u>	<u>69,604</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct program:				
94.016	Senior Companion Program	N/A	342,136	327,970
	Total Expenditures of Federal Awards		\$ <u><u>1,462,022</u></u>	<u><u>1,144,384</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

PHELPS COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Phelps County, Missouri, except for the programs accounted for in the Phelps County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2002 and 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Equitable Sharing of Seized and Forfeited Property (CFDA number 16.unknown) include both cash disbursements and the fair market value of equipment received.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the fair market value of equipment received.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Phelps County, Missouri

Compliance

We have audited the compliance of Phelps County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Phelps County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001.

#### Internal Control Over Compliance

The management of Phelps County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Phelps County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

August 7, 2003 (fieldwork completion date)

Schedule

PHELPS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2002 AND 2001

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? \_\_\_\_\_ yes      x   no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Woman, Infants and Children
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grants/State’s Program
93.912	Rural Health Outreach and Rural Network Development Program
94.016	Senior Companion Program

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

**Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

PHELPS COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

PHELPS COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

PHELPS COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003. We also have audited the compliance of Phelps County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 7, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Phelps County Public Housing Agency and the Phelps County Regional Medical Center are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended September 30, 2002 and 2001, and December 31, 2002 and 2001, respectively.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Phelps County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.**

**County Funds**

Some county funds have accumulated significant balances and county officials should document plans for the use of these funds and consider reducing the fund balances. The county makes a significant amount of transfers between the various county funds and it appears the county could significantly reduce the amounts transferred.

- A. The balance of the E911 Fund has increased from \$369,246 at January 1, 2000, to \$1,043,752 at December 31, 2002. Fund revenues have increased from \$350,000 in 1999 to \$560,000 in 2002, while operating expenses have remained at approximately \$260,000 for the past three years. For the first time in several years, the 2003 budget includes expenses for equipment upgrades totaling \$500,000, which results in a reduction in the estimated ending fund balance to \$817,075; however, operating revenues are projected to exceed normal operating expenses by approximately \$240,000 during 2003.

E911 is funded by a telephone tax which was authorized by county voters. Section 190.310, RSMo 2000, requires the County Commission to annually set the tax rate, not to exceed the maximum rate authorized by the voters, together with any surplus revenues carried forward from prior years, to provide sufficient resources to fund authorized expenses. While the County Commission has not enacted the formal process of annually setting the tax rate, the county has always levied the maximum rate authorized by the voters. The County Commission should annually review and set the E911 tax rate and set it at a rate that provides sufficient operating funds and does not create an excessive fund balance. If the Commission plans to accumulate a balance for future capital improvements, specific plans should be documented and the budgets should include a reserve for future improvements.

- B. The county makes a significant amount of interfund transfers, many of which do not appear necessary. Interfund transfers totaled \$789,869 and \$1,019,225 for the years ended December 31, 2002 and 2001, respectively. Some of these amounts represent required operating transfers, such as transfers from the General Revenue Fund to the Assessment Fund; however, a significant amount of the transfers represent reimbursement of expenses incurred in one fund that could have been incurred in another fund. For example, the entire salaries of some employees are paid from the General Revenue Fund, and corresponding amounts are transferred

to the General Revenue Fund from the applicable funds from which the salary expenses should have been paid. The county does pay salaries from other funds, such as the Special Road and Bridge Fund and the Assessment Fund, so it appears the county could pay many of these salaries directly from the appropriate fund, which would eliminate the need for a significant amount of interfund transfers.

In addition, the county has annually transferred \$14,000 from the Prosecuting Attorney Bad Check Fund to the General Revenue Fund. While county officials indicated this transfer was originally made to reimburse the General Revenue Fund for salary expenses, the county had no documentation of the specific expenses to be reimbursed.

Interfund transfers to reimburse one fund for expenses incurred in another fund unnecessarily inflate the county's overall fund receipts and disbursements and create unnecessary accounting and bookkeeping entries on the county's budgets and financial statements.

In addition, the County Commission has established separate funds which are used primarily to set aside money for future use and to make interfund loans for cash flow purposes. These funds include the Road and Bridge Debt Service, Use Tax, and Jay White Estate Funds and had a combined balance of \$689,045 at December 31, 2002. While the County Commission indicated it considers the balances of these funds when the annual budgets are prepared, accounting for these monies separately makes it more difficult to analyze the true financial condition of the county's main operating funds. The county should consider combining these funds with the main operating funds and discontinue the interfund loans to provide a more clear financial picture of the county's operations and financial condition. If the county wishes to set aside monies for future operations, this should be done by establishing reserves within the operating funds and clearly marking these amounts on the county's budgets as reserved for future operations.

**WE RECOMMEND** the County Commission:

- A. Annually set the E911 tax rate in accordance with state law. In addition, the County Commission should document its plans for the future use of E911 funds and consider reducing the accumulated fund balance.
- B. Reduce or eliminate interfund transfers in which expenses are paid from one fund and reimbursed from another fund. In addition, the County Commission should reduce or eliminate interfund loans for cash flow purposes and consider combining these additional funds with the normal county operating funds.

## **AUDITEE'S RESPONSE**

- A. *Although formal annual action has not been taken to set the telephone tariff rate for this fund, the commission has discussed the rate, as well as the need for the fund balance, at length each year. Bids will be opened for upgrade of the complete E911 system. Estimates for the project have been budgeted at \$500,000. Having knowledge of the actual cost for this project will assist the commission in formulating future budgets for the fund. The commission has also maintained a high fund balance in the E911 Fund due to the 60-day termination clause included in the dispatch and 911 services contracts with the City of Rolla. In the event that the city opted to exercise this option, it would be imperative to the safety of the residents of Phelps County that sufficient funds be available to allow for immediate manning and equipping of an alternate facility for continued emergency services. There has also been much discussion regarding the possibility of providing a different facility for the E911 operations, rather than continuing the location at the Rolla Police Department. In future budget messages, the reason for the fund balance will be more clearly defined. The commission will also act annually to review the needs of the fund, reasonable reserve, and to set the rate for the tariff for the ensuing year.*
- B. *The commission has made and will continue to make concerted efforts to enhance monthly cash flow procedures to limit the number of interfund operational loans. Progress has been made in this area in the past few years. Regarding interfund transfers, the commission does not consider it responsible to issue county payroll from other funds which are either pass-thru funds or discretionary funds of another county official. The Senior Companions Fund is a pass-thru fund from which the senior companions program draws down expense funds each month. The senior companions program then issues payment for their senior companion stipends and operating expenses from a separate bank account which they maintain. Other payroll reimbursements to the General Revenue Fund come from such funds as the Sheriff Drug Enforcement Fund and the Sheriff Civil Fee Fund. Both of these are discretionary funds of the sheriff. The commission believes that it would be irresponsible to rely on these particular funds for regular monthly payroll, and that doing so would most likely result in interfund loans at payroll time. All efforts will be made to limit interfund activity as much as the commission believes is possible for Phelps County. Transfers from the Prosecuting Attorney Bad Check Fund will be processed based on actual reimbursement of employee salary in the future. Interfund transfers, while already identified on the budget documents, will be noted in the budget message in the future so as not to cause any confusion to the public regarding actual county revenues and expenses. As to maintaining the Jay White Estate Fund and the Use Tax Fund as separate county funds, this has been a very effective tool for the commission and has assisted us in maintaining the balances in these funds as emergency reserve, while using them for operating loans when it is necessary.*

The county has not taken action on mid-term salary increases given to the Associate Commissioners in 1999. Actions of the salary commission in approving a raise for the County Treasurer in December 2002 were contrary to a legal opinion provided by the Prosecuting Attorney.

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Phelps County's Associate County Commissioners' salaries were each increased approximately \$6,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$12,000 for the two years ended December 31, 2000, should be repaid. The Prosecuting Attorney issued a written legal opinion on August 14, 2001, indicating the county should pursue repayment of these salary increases for 1999 and 2000. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

- B. The County Treasurer's salary was increased \$8,599 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held on December 12, 2002, approved this increase. While the Prosecuting Attorney had provided a written opinion opposing such a meeting, salary commission minutes indicated other legal opinions and other information were relied upon allowing such a meeting.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the

alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years.

As a result, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *The commission advised that they will not pursue reimbursement of these funds from the associate commissioners involved due to the fact that the salary commission acted in good faith in compliance with the state law and the intent of the legislature when making the decision to approve the mid-term increase.*
- B. *This increase was approved by the Salary Commission of Phelps County, not by the County Commission of Phelps County as governing body. The commission will consider discussing this matter at the next salary commission meeting.*

<b>3. Sheriff's Seized Property</b>
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The Phelps County Sheriff's Department seizes property and money to be held in connection with arrests. Concerns noted in our prior audit related to the procedures and controls over seized property were not addressed on a timely basis.

- A. The Sheriff's Department participates in several large drug busts and property seizures. Our prior report issued in July 2001 noted weaknesses in controls over seized property, including lack of segregation of duties, no supervisory review of seized property records, and inadequate procedures for disposing of seized property. In addition, the Sheriff's property custodian indicated property had not been disposed of for several years because the Prosecuting Attorney had not filed the necessary paperwork.

Little or no action had been taken to address the weaknesses noted in our report, and at the direction of the circuit court, in October 2002 the Sheriff's Department investigated the status of property seized as evidence for about 730 cases involving weapons and drugs. For most of the cases, the Sheriff's Department could locate neither the property item nor documentation of the property's disposal. The Sheriff's property custodian indicated the items had been destroyed

because the applicable court cases had been closed or the items were no longer needed as evidence.

As a result of this investigation, the Sheriff relieved the property custodian of his responsibilities and appointed a new property custodian in December 2002, and in March 2003, the Sheriff adopted new written procedures for the control of seized property. The Sheriff's Department conducted an internal inquiry in March 2003 which concluded the former property custodian had failed to obtain the proper authorization or instructions from the court or Prosecuting Attorney prior to destroying evidence, and the former property custodian failed to maintain proper documentation of evidence destructions and disposals. The Circuit Court has appointed a special prosecutor to conduct an investigation of this matter.

While changes were adopted in March 2003 to improve controls over seized property, the lack of timely follow-up to the weaknesses noted in our prior report appear to have contributed to the problems noted above.

- B. The Sheriff's Department maintains a bank account for monies seized in connection with arrests. On April 30, 2003, the account balance totaled approximately \$86,000. The Sheriff's Department has not prepared listings of open items (liabilities) for the bank account. About \$49,000 of the balance pertains to a seizure on one case in March 2002 that remains open. Because an open-items listing has not been prepared, the Sheriff's Department cannot identify the items comprising the remainder of the account balance totaling about \$37,000.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

**WE RECOMMEND** the Sheriff:

- A. Continue to address the problems regarding seized property.
- B. Prepare monthly listings of open items for the seized property account and reconcile the listings to the account balance. Amounts that are unclaimed or unidentified should be disposed of in accordance with state law.

**AUDITEE'S RESPONSE**

- A. *We agree there was a problem with seized property and the evidence room. We have addressed these issues and fixed the problems.*
- B. *We agree and have now identified all the funds in the account and will keep an updated open items list.*

**4.****Prosecuting Attorney's Procedures**

The Prosecuting Attorney maintains separate bank accounts for bad check restitution and court ordered restitution, and applicable receipts totaled about \$302,000 and \$79,000, respectively, for the year ended December 31, 2002. Receipts are not recorded and deposited promptly as follows:

- A. Receipts for bad check restitution and court ordered restitution are usually deposited weekly and bi-weekly, respectively. A cash count on April 15, 2003, noted approximately \$4,200 in receipts on hand, which included some money orders dated in February 2003.
- B. Receipt slips are generally issued immediately for payments made in person. Receipt slips are not issued for payments received in the mail and these payments are not otherwise recorded, such as on a mail log, immediately upon receipt. Upon preparing receipts for deposit, staff in the Prosecuting Attorney's office record all payments in a receipts ledger.
- C. Receipts are sometimes withheld from the normal receipt and deposit process. Several receipts, totaling \$2,365 were on hand at April 15, 2003, which were held one month or more after received. Staff in the Prosecuting Attorney's office indicated these monies were held and not deposited because of insufficient or unclear case file information. However, it appears that such receipts could be deposited immediately and the case file information be resolved at a later date.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded on receipt slips or mail logs immediately upon receipt and deposited intact daily.

**WE RECOMMEND** the Prosecuting Attorney record all monies immediately upon receipt and deposit all receipts intact daily.

**AUDITEE'S RESPONSE**

- A. *My staff has been advised to begin making more frequent deposits, which will be twice per week. Money orders that were on hand and not deposited had insufficient information on them to determine which account they should be deposited into. These money orders were payable to the Phelps County Prosecuting Attorney and sent to us by some individual other than a named defendant, on behalf of the defendant.*
- B. *All money orders or cashier's checks being received by this office are currently being written into a carbon-copy receipt book.*

- C. *Receipts are sometimes held until a determination can be made as to which account it should be deposited into. The only time this occurs is when a payment is made to this office and insufficient information is provided to allow identification of either the defendant or the victim. Until it can be determined which account the money should be deposited into, it is not deposited. Additionally, we occasionally receive payments in the mail that should be deposited with the court, but are mistakenly sent to this office by the defendant. Once again, until we are certain that we should receive the money, we do not deposit the payment into either of our accounts.*

**5.**

**County Collector's Procedures**

The County Collector is responsible for collecting and distributing property taxes for political subdivisions within the county. Collections and distributions totaled \$13,080,478 and \$12,213,519 for the years ended February 28, 2003 and 2002, respectively. We noted concerns with the County Collector's procedures for reconciling his bank account and calculating certain withholdings and fees.

- A. The County Collector did not properly reconcile liabilities to the bank account balance. Upon preparation of monthly bank reconciliations, the bank balance was reconciled to the checkbook balance but not to liabilities. Beginning in June 2003, the County Collector began processing receipts in a different bank account and began reconciling the bank statement balance to liabilities. A balance of about \$6,600 remains in the old account; about \$3,200 of this balance is not identified to specific liabilities.

Monthly listings of liabilities should be prepared and reconciled to the cash balance to ensure accounting records are in balance and sufficient cash is available for the payment of all liabilities. The County Collector should attempt to identify the remaining balance of the old account, and dispose of amounts remaining unclaimed or unidentified in accordance with state law.

- B. State law, Section 50.338, RSMo 2000, requires adjustments of commissions and assessment fees withheld from school taxes due to a statewide education sales tax known as Proposition C. For the purposes of computing Proposition C withholdings, the County Collector computes ratios of unadjusted and adjusted school tax levies using information submitted by the school districts; however, the unadjusted tax levies were sometimes subsequently amended by the school districts and the County Collector indicated he was not always advised of the amended levies. As a result, the County Collector used incorrect unadjusted tax levies when computing Proposition C ratios for some school districts.

Upon our request, the County Collector recalculated the amounts which should have been withheld for the school district where incorrect Proposition C ratios would have the most significant effect. His calculations indicated over-withholdings of approximately \$8,940 in commissions and \$5,960 in assessment

fees from this district for the year ended February 28, 2003. The County Collector should review all incorrect Proposition C ratios, recalculate the proper amounts of withholdings, and make applicable adjustments to the distributions to the schools, General Revenue Fund, and Assessment Fund.

**WE RECOMMEND** the County Collector:

- A. Prepare monthly listings of liabilities and reconcile the listings to the cash balance. An attempt should be made to identify the remaining balance in the old bank account and close the account. Any remaining unclaimed or unidentified monies should be disposed of in accordance with applicable state laws.
- B. Recalculate Proposition C commissions and assessment withholdings related to the applicable school districts and make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. Procedures should be adopted to ensure accurate school tax levy information is obtained and future Proposition C withholdings are computed properly.

**AUDITEE'S RESPONSE**

- A. *I agree with the finding and have already begun to reconcile the checking account balance to the liabilities. The collector's office has also started to identify the remaining balances and is in the process of disposing the balances to the appropriate subdivisions. Also, a monthly listing of liabilities has been initiated to remedy the recurrence of this problem.*
- B. *I agree with the finding and will now consult with the state auditor's office to ensure that the appropriate levies are received. The collector's office has already begun to review all Proposition C ratios, recalculate the proper amounts, and make all applicable adjustments until all the districts are reimbursed.*

STATISTICAL SECTION

History, Organization, and  
Statistical Information

PHELPS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1857, the county of Phelps was named after John S. Phelps, a former Governor and member of Congress. Phelps county is a county-organized, third-class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Rolla.

Phelps County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 615 miles of county roads and 46 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 33,633 in 1980 and 39,825 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 221.8	214.2	191.3	185.2	110.5	62.1
Personal property	84.6	81.9	75.6	71.5	16.2	11.9
Railroad and utilities	16.7	16.8	16.8	16.6	8.9	7.6
Total	\$ 323.1	312.9	283.7	273.3	135.6	81.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Phelps County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$ .1700	.1739	.1675	.1700
Special Road and Bridge Fund	.0777	.0735	.0775	.0700
Developmentally Disabled Board Fund	.0886	.0886	.0901	.0900

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
State of Missouri	98,648	94,824	85,869	83,454
General Revenue Fund	557,924	545,679	476,409	467,279
Special Road and Bridge Fund	268,837	247,394	233,549	210,921
Assessment Fund	149,705	135,701	119,362	112,958
Developmentally Disabled Board Fund	289,124	278,254	255,744	248,468
School districts	11,249,183	10,468,261	8,676,902	8,454,199
Ambulance districts	93,367	90,061	80,182	77,714
Fire protection district	3,655	0	0	0
Tax Maintenance Fund	11,667	0	0	0
Neighborhood improvement districts	0	708	896	1,389
Cities	28,139	28,866	35,308	35,238
County Clerk	354	437	397	307
County Employees' Retirement Fund	86,493	92,914	70,379	64,856
Commissions and fees:				
General Revenue Fund	243,381	230,421	194,812	185,263
Total	\$ 13,080,478	12,213,519	10,229,808	9,942,046

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	94	94	94	94 %
Personal property	92	91	91	92
Railroad and utilities	99	98	97	98

Phelps County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
Law enforcement	.0038 *	None	0

\* Prior to October 2002, the rate was .0050 per \$1 of retail sales.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Randy Verkamp, Presiding Commissioner	\$	34,657	33,550	31,291	30,380
J. Glendon Klossner, Associate Commissioner		31,560	30,551	29,231	28,380
Charles (Bud) Dean, Associate Commissioner		31,560	30,551		
K.R (Ken) Lenox, Associate Commissioner				29,231	28,380
Carol A. Bennett, County Clerk		49,190	47,619	44,290	43,000
Kenneth Clayton, Prosecuting Attorney		60,149	58,228	54,590	53,000
Donald Blankenship, Sheriff		54,166	52,436	42,436	41,200
Carol Green, County Treasurer		36,401	35,238	32,775	31,820
Larry Swinfard, County Coroner		17,031	16,487	8,487	8,240
Judith Faust Aaron, Public Administrator		46,485	45,000		
Lou McFarland, Public Administrator (1)				51,535	42,350
Davis R. Haas, County Collector, year ended February 28 (29),	49,436	47,881	44,845	43,215	
Jack L. Harris, County Assessor (2), year ended August 31,		50,965	48,765	46,076	44,760
Richard Elgin, County Surveyor (3)		0	0		
Robert Elgin, County Surveyor (3)				0	0

- (1) Includes fees received from probate cases.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Carol Gaddy, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	46,127	44,292
Mary A. Sheffield, Associate Circuit Judge		96,000	96,000	97,382	87,235
Ralph J. Haslag, Associate Circuit Judge		96,000	96,000	97,382	87,235

In 2000, the county contracted with an underwriter to finance the building of a new county jail. The financing arrangement required the underwriter to issue \$5 million in certificates of participation and for the county to lease the facility over the ten-year time period that the debt will be paid off. The county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the jail when the debt is extinguished, which is scheduled for 2010. The remaining principal and interest due on the debt at December 31, 2002 was \$4,165,000 and \$904,570, respectively.